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C O N F I D E N T I A L SECTION 01 OF 03 AMMAN 000434

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E.O. 12958: DECL: 01/31/2017
TAGS: [ELAB](#) [ETRD](#) [GTIP](#) [KTEX](#) [BG](#) [JO](#)
SUBJECT: GOJ COMMITTED TO RESOLVING LABOR PROBLEM;
STAKEHOLDERS LOOKING FOR MORE

Classified By: Ambassador David Hale for reasons 1.4 (b) and (d).

¶1. (SBU) SUMMARY: GoJ officials continue to pledge their commitment to resolving labor issues in Jordan. In response to Ambassador's warnings that congressional and U.S. investor concern is deepening, the labor minister highlighted positive steps taken to date and plans for the coming months, particularly improved labor inspections and prosecutions. Investor contacts have expressed frustration with the GoJ's lack of responsiveness to business concerns as well as a lack of capacity to fully address labor market challenges in Jordan. Worker group representatives believe that the GoJ is not doing enough for workers who attempt to unionize. END SUMMARY.

Minister Continues to Pledge Reform

¶2. (SBU) On January 25, Minister of Labor Basem Salem acknowledged to the Ambassador that labor problems persist in the QIZs and that he plans to re-double efforts to fix them. With a strong team now in place (including one international advisor and two monitors funded by USAID), Salem believes he can better tackle the challenges of capacity building in the inspectorate, more aggressively prosecuting labor violators, and passing the new labor law in Parliament.

¶3. (SBU) In response to Ambassador's warning highlighting the interest of the U.S. Congress, buyer groups, and the AFL/CIO in the issue, Salem highlighted some of the strong actions taken to date including the closing of six factories and the re-location and regularization of approximately 1400 workers from closed factories, and over 3,700 fines placed on factories for labor violations in 2006. Citing the Minister's demonstrated commitment to transparency, Ambassador emphasized the need for more public communication of the problem at hand and the pro-active steps being taken. The Minister concurred and said, "we are the first to criticize ourselves." Asked what the future includes, the Minister listed his top priorities as passage of a new labor law in this session of Parliament, encouraging a more pro-active approach to prosecution of labor violators,

restoring credibility to the Golden List by tightening criteria, and doing a better job of differentiating between GoJ treatment of large-volume producing factories who treat workers fairly and smaller players who do not. NOTE: Quick analysis of a recent MoL report shows that large-volume factories do not treat workers better and may even be among the most serious violators. END NOTE.

14. (SBU) On the labor law, the Minister said the draft he is about to submit to Parliament will, he believes, "fly like hotcakes." While the new law will have provisions to allow migrant workers to join existing unions, Salem admitted to the lack of a provision for freedom of association that would allow the formation of new unions. NOTE: Currently there are 17 unions in the General Federation of Jordanian Trade Unions. END NOTE. Such a provision, he argued, would have large political implications for the country and "would never pass Parliament." Salem also indicated that he had talked to the Speaker of Parliament about the importance of the legislation and was promised the bill as currently drafted would receive priority when submitted in the coming weeks.

15. (SBU) Responding to Ambassador's frustration that Post has been unsuccessful in getting GoJ to share details on the extent of prosecutions of labor violators and the implications for Jordan's TIP designation, the Minister said that the new Minister of Justice, ex-Minister of Industry and Trade Sharif Zu'bi, is focused on obtaining this information. NOTE: GoJ contacts have said there are as many as 30 ongoing cases in the courts, but have not been able to provide details. Poloff continues to engage contacts at the Foreign and Interior Ministries. END NOTE. Based on the

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recommendations of an international advisor, Salem also plans to have his legal office take a more pro-active approach in prosecuting labor violations.

Continued Dissatisfaction Expressed by Business Interests

16. (SBU) In a January 25 business roundtable with QIZ investors and factory operators, econoff heard numerous complaints about the GoJ's inexperience and lack of capacity to deal with the labor issue, claiming this is unduly adding to the cost of doing business and meeting bureaucratic requirements. As an example, many said the new GoJ policies are aimed at making it difficult for companies to hire guest workers in an attempt to get companies to hire more Jordanians but have only had the effect of making business more expensive and cumbersome. Due to the scant Jordanian labor pool for the garment industry, machines go idle and owners spent a lot of their time pleading with the Ministry of Labor to issue a percentage of the visas for foreign workers that had been previously promised. One buyer representative based in Amman indicated that the new minimum wage increase from 95 JD to 110 JD (about USD 160), effective January 1, would cost factories an additional 30 USD/worker per month and would do little to bring in additional Jordanian workers as Jordanian workers are already offered (and paid) wages above 110 JD/month to attract them to the garment industry. Others noted that the GoJ is slow to refund bank guarantees, regularize transferred workers (costing factory owners new overstay fines), and approve work permits for previously hired foreign workers.

17. (SBU) Asked what they would like to see changed, investors commented that they want the GoJ to take a long-term (three- to five-year) approach, and to apply policies more consistently to all factory operators. Many factory operators claim uneasiness and a lack of clarity about the sector in Jordan has led buyers to drop orders. As an example, they point to Jordan Dragon, one of the largest textile producers in the Al-Tajamaout QIZ, which plans to exit Jordan by the end of 2007 due to a decrease in orders. NOTE: Jordan Dragon is the fifth largest exporter in the

QIZs, but Post sources indicate that is guilty of requiring excessive overtime and not paying correct wages. END NOTE. They would like the GoJ to better communicate with the private sector and the public (i.e., media) the positive steps being taken to address labor problems.

Despite Ministerial Assurances, Organizing Workers Remains Difficult

18. (C) On January 26, Shira Al-Qatarneh, a program officer with AFL-CIO/Solidarity Center told emboffs and poloff that "things are worsening" with regard to organizing workers. While acknowledging government support in the establishment of new union offices in the QIZs, Al-Qatarneh complained that both national Textile Union and Solidarity Center representatives feel their access to workers remains stifled.

According to Al-Qatarneh, workers have been threatened with physical abuse by factory supervisors if they discuss problems with outsiders. Those workers who do come to local union offices are allegedly subsequently punished by factory owners and do not return to the union offices. As a case in point, she highlighted a factory in which management terminated or deported the five Bangladeshis whom Solidarity Center had recruited for a ten-person worker committee. As an added hindrance, Al-Qatarneh claims that local police now require that union organizers have MoL permission to enter factories. To overcome these obstacles, Solidarity Center plans to take a narrower, grassroots approach by using union activists already inside five factories to recruit members for the committees.

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Can GoJ or Private-Sector can Rise to the Occasion?

19. (C) COMMENT: While the Ministry of Labor continues to improve its handling of individual labor violations in Jordan's QIZs that are brought to its attention, systems are still not in place to remedy the pervasive abuses that continue. The IFC/USAID Factories Inspection Project should help to rectify this within the next six months. Furthermore, a review of MoL action since the NLC Report was released in May 2006 shows that the Ministry continues to operate in an ad-hoc manner without analyzing the short and long term implications of its actions. The GoJ should be commended for its openness about the labor violations in Jordan's QIZs and willingness to accept international assistance in fixing them. Additionally, out-of-the-box solutions like worker re-location and a Golden List of factories are good ideas but need to be refined and improved.

110. (C) Stakeholders continue to be frustrated by the lack of a clear GoJ strategy on dealing with labor issues and some of their unease stems from the government's failure to pro-actively open more channels of communication. The Ministry's decision to hire a PR firm both in the US and Jordan to communicate its message is a welcome change. A comprehensive message that highlights Jordan's determination (both within the government and the private sector) to root out the labor problem and at the same time keep good factories in Jordan needs to be driven home repeatedly, to different audiences, and in as many avenues of communication as possible. While the GoJ has expressed its commitment to regulate better now that the full extent of the problem is understood, it remains to be seen how many of the high-volume factories are willing to reform and abide by international standards. In a market where input costs remain high (e.g., fuel, water management, transportation), factory owners stubbornly employ the business practice of squeezing labor (i.e., violate Jordanian labor laws) as a way to save money and remain competitive.

HALE